

EXHIBIT A
FULL TEXT OF AFFORDABLE HOUSING BOND MEASURE

If two-thirds of the electors voting on the Affordable Housing Bond Measure vote to approve the issuance of general obligation bonds by the City of San José at the election held on November 6, 2018, such bonds shall be issued, pursuant to Chapter 14.28 of the San José Municipal Code and certain provisions of the California Government and the following provisions will apply:

- A. The measure will authorize the City to issue up to \$450 million principal amount of municipal General Obligation Bonds (the "Bonds"), for the purpose of financing the cost of land or improvement of land for, without limitation, providing housing affordable for working families; veterans; seniors; teachers; nurses, paramedics, and other workers; individuals with disabilities; domestic violence survivors; and the homeless, with at least \$150 million (one third) of the proceeds of the Bonds being used for housing affordable for families and individuals earning up to 30% of the area median income (AMI) and at least \$75 million (approximately 16%) of the proceeds of the Bonds being used for housing affordable for households earning between 80% and 120% of AMI, assuming the full authorization of \$450 million principal amount is issued. Funds may be used to: (a) acquire land for the development of housing; (b) construct new housing; and (c) acquire and rehabilitate existing apartments or homes to create housing that is restricted to be affordable for the long-term (collectively, the "Projects"). The City Council finds each of the proposed categories of Projects are improvements necessary for carrying out the City's objects, purposes and powers with respect to addressing the City's need for affordable housing, as described above, for the preservation of public health, peace and safety.

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- B. The estimated cost of the Projects to be financed by the Bonds is \$444,350,000 and the amount of indebtedness proposed to be incurred for such purposes is \$450,000,000. The estimated costs of the Projects include land acquisition costs, preliminary design and construction costs, such as architectural, engineering and environmental review, cost of construction, construction management costs (whether by the City or a third party) and a contingency for unforeseen design and construction costs. However, the City cannot guarantee that the Bonds will provide sufficient funds to allow completion of all the enumerated projects. In addition, the estimated costs include costs related to issuance and sale of the Bonds.
- C. The statement of the ballot measure includes the estimates of the average annual tax levy based on assessed value of property in the City and the average amount, on an approximate basis, to be generated while the Bonds are outstanding based on various assumptions that may not occur. Pursuant to California Elections Code Section 9401, a Tax Rate Statement, that outlines in greater detail the estimated property tax impact if the Bonds are issued also is based on assumptions that may not occur, has been prepared, and is attached as Exhibit B and incorporated by reference in the Resolution placing this measure on the November 6, 2018 ballot. The City Council hereby approves the Tax Rate Statement and directs that it be included in the Voter Information Portion of the Sample Ballot and that all official materials provided by the City with respect to the proposed measure comply with California Elections Code Section 9402.

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D. This Council acknowledges the provisions of California Government Code Section 53410 et seq. related to bond accountability and desires to set forth bond accountability provisions applicable to the Bonds including, but not limited to those provisions. Accordingly, the following will apply if the Bonds are authorized and issued:

1. The specific purpose of the Bonds is to finance the costs of the Projects as set forth in Section B above.
2. The proceeds of the Bonds will be used only for the purposes specified in Section A above.
3. The proceeds of the Bonds will be accounted for in one or more accounts separate from other funds and accounts of the City. The proceeds of the Bonds may be held by either the City or a trustee for the Bonds, as directed by the City's Director of Finance.
4. The City Auditor is directed to cause a separate audit of the proceeds of the Bonds in connection with the annual audit of the City's financial statements conducted by the City's external auditor.
5. The City's Director of Finance will file an annual report with this Council which will provide information as of June 30th of the prior fiscal year related to the amount of Bonds issued, the amount of ad valorem property tax collected and the status of the Projects.

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6. This Council will appoint a committee comprised of residents of the City to provide community oversight over the expenditure of the Bonds. The size, composition and specific responsibilities of the Community Oversight Committee will be determined by separate action of this Council prior to the issuance of any of the Bonds.